

ADMINISTRATIVE - INTERNAL USE ONLY

This Notice Expires 1 January 1984

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FINANCIAL ADMINISTRATION

30 June 1983

THE ECONOMIC RECOVERY TAX ACT OF 1981

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1. The Economic Recovery Tax Act of 1981 provides for a staged decrease in individual income tax rates. Accompanying reductions in employee Federal tax withholding rates will be effective with the salary payments on 7 July 1983 (Pay Period 14, 12 through 25 June) for CIA employees paid every two weeks. For those employees paid every four weeks, the reductions will be effective with the salary payments on 21 July 1983 (Pay Period 8, 12 June through 9 July). The attached formula may be used by employees who are interested in determining their new withholding rates for personal financial planning purposes. Employees desiring a change in their withholding rate should complete Form 3280, Employee's Federal Withholding Allowance Certificate, and forward it to Compensation Division, Office of Finance, 702 Key Building.

2. Revised tax tables that reflect detailed biweekly withholding rates will be provided to component administrative offices.

Harry E. Fitzwater
Deputy Director
for
Administration

Attachment

DISTRIBUTION: ALL EMPLOYEES

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FEDERAL INCOME TAX WITHHOLDING

Use these steps to figure the income tax which will be withheld biweekly:

- (a) Multiply one withholding allowance (\$38.46) by the number of allowances claimed.
- (b) Subtract that amount from your wages.
- (c) Determine amount to be withheld from the table below.

Example.---A married employee is paid \$850 biweekly. This employee has in effect a Form 3280, Employee's Federal Withholding Allowance Certificate, claiming two withholding allowances.

Using the percentage method, figure the income tax as follows:

(1) Total wage payment	\$850.00
(2) One allowance	\$ 38.46
(3) Allowances claimed: 2	
(4) Line 2 times line 3	\$ 76.92
(5) Amount subject to withholding (subtract line 4 from line 1)	\$773.08
(6) Tax to be withheld on \$773.08 from Table b---married person	
Tax on first \$738.00	\$ 95.97
Tax on remainder \$ 35.08 @ 22%	\$ 7.72
Total to be withheld	\$103.69

BIWEEKLY PAYROLL PERIOD TABLES

(a) SINGLE person---including head of household:

If the amount of wages is:	The amount of income tax to be withheld shall be:	
Not over \$54	0	
Over--- But not over---		of excess over---
\$54	--\$158	12%
\$158	--\$365	\$12.48 plus 19%
\$365	--\$554	\$43.53 plus 19%
\$554	--\$846	\$79.44 plus 29%
\$846	--\$1,069	\$152.44 plus 30%
\$1,069	--\$1,273	\$219.34 plus 34%
\$1,273		\$288.70 plus 37%

(b) MARRIED person---

If the amount of wages is:	The amount of income tax to be withheld shall be:	
Not over \$92	0	
Over--- But not over---		of excess over---
\$ 92	--\$369	12%
\$369	--\$738	\$33.24 plus 17%
\$738	--\$908	\$95.97 plus 22%
\$908	--\$1,112	\$133.37 plus 29%
\$1,112	--\$1,315	\$184.37 plus 28%
\$1,315	--\$1,723	\$241.21 plus 33%
\$1,723		\$375.85 plus 37%

Attachment